

## Hotel occupancy taxes

A **state employee** is entitled to be reimbursed for hotel occupancy taxes incurred while traveling on state business. A state employee is not exempt from paying a state, **county** or municipal hotel occupancy tax collected by a commercial lodging establishment unless an **exception** applies.

**Texas Tax Code Sections 156.103(c), 352.007(d), 351.006(d)** The tax is considered an **incidental expense** and not a portion of the maximum lodging reimbursement rate.

A **state agency** is entitled to receive a refund of its reimbursement of a state employee for state and local hotel occupancy taxes. To obtain a refund of the state portion of the hotel occupancy tax, the agency must file a refund claim including all information required by the **Comptroller** on the form provided by the Comptroller. **Texas Tax Code Section 156.103(c)** To obtain a refund of the local portion of the hotel occupancy tax, the agency must file a refund claim including all information required by the county or municipality on the form provided by the county or municipality. **Texas Tax Code Sections 352.007(d,e), 351.006(d,e)**

## Exception for certain state officers or employees

A state officer or employee for whom a special provision or exception to the general rate of **travel expense** reimbursement under the **General Appropriations Act** applies is not required to pay a state, **county** or municipal hotel occupancy tax collected by a **commercial lodging establishment** in Texas. The officer or employee must be provided with photo identification provided by his or her agency verifying the person's identity and exempt status. **Texas Tax Code Section 156.103(d)**

## Maximum reimbursement

When a **state employee** is entitled to be reimbursed for payment of a hotel occupancy or similar tax and the lodging amount incurred exceeds the maximum allowable lodging rate, the following calculation methods for the tax reimbursement must be used:

If the tax is calculated as a percentage of the lodging rate, then the amount of the reimbursement is equal to the percentage multiplied by the maximum that may be reimbursed to the employee for lodging expenses.

### Example

*Rita, a state employee traveling to Dallas, Texas on state business, decides to stay at a hotel that costs \$100 per night. Rita is limited to the maximum lodging reimbursement rate, which is \$85 per night, but she wants to pay the \$15 out-of-pocket to stay at a different hotel. When she checks out of the hotel, she is charged a six percent hotel occupancy tax on the \$100 room rate totaling \$6. Rita is only able to claim reimbursement for six percent of the \$85 maximum rate totaling, \$5.10. Therefore, she will pay \$.90 of the tax out-of-pocket.*

### Example

*Gordon, a state employee traveling for business, travels to a city that assesses a hotel occupancy tax on lodging only if the cost of the lodging exceeds \$100 per day. The tax is \$15, regardless of the amount by which the lodging cost exceeds \$100 per day. Gordon chooses a hotel that charges \$110 per night. The maximum lodging reimbursement rate is \$85 per night. The \$15 tax is not reimbursable because if Gordon had stayed in a hotel that offered a rate equal to or less than the maximum rate of \$85, he would not have been charged the tax.*